

America's Small Business Resource



CONGRATULATIONS LENDERS!!

**We Have Accomplished Another
Successful Fiscal Year Thanks To All That
You Do!!! Thank You For Your Support of
SBA's Programs & Services!**

HAPPY NEW FISCAL YEAR 2006!!!

NEWS FROM SBA'S FINANCE DIVISION

Latest Notices:

SBA Procedural Notice 5000-967 - Elimination of the LowDoc Loan Program – for full details, visit SBA's website at <http://www.sba.gov/banking/indexnoticesfy05.html>

SBA Procedural Notice 5000-969 - 7(a) and 504 Program Changes effective October 1, 2005 – for full details, visit SBA's website at <http://www.sba.gov/banking/indexnoticesfy05.html>

SBA Information Notice 5000-964 – Internal Revenue Service (IRS) Forms – for full details, visit SBA's website at <http://www.sba.gov/banking/indexnoticesfy05.html>

SBA Information Notice 5000-965 – Updated 7(a) Authorization – for full details, visit SBA's website at <http://www.sba.gov/banking/indexnoticesfy05.html>

SBA Information Notice 5000-966 – Updated 504 Authorization – for full details, visit SBA's website at <http://www.sba.gov/banking/indexnoticesfy05.html>

ENVIRONMENTAL DUE DILIGENCE

The environmental Protection Agency (EPA) has promulgated a new federal regulation defining the level of inquiry that a buyer of commercial real estate must undertake in order to have an “innocent landowner’s” defense against clean-up costs which could be assessed because of subsequently discovered contamination. The level of inquiry necessary for the defense is spoken of in the federal statute as “all appropriate inquiry “(AAI).

Using a Phase I Environmental Site Assessment has been the way in which real estate professionals have attempted to meet the standard for AAI compliance, since the criteria was not written into the statute. The current ASTM standard, E 1527-00, normally referred to as a “Phase I”, is the standard we most often request because of the protection it affords the borrower and the more complete picture of the value of the property as collateral that is afforded the Lender. (This standard is currently limited to commercial properties.) SBA has also allowed the less stringent standard known as the Transaction Screen Process (ASTM E 1528-00) or alternately an environmental questionnaire. Neither of these latter two forms of environmental inquiry affords the borrower a defense against clean-up, however, and gives SBA only a modest comfort level with respect to the subject commercial real estate’s value as collateral.

While the Lender and SBA can walk away from contaminated collateral and attempt to enforce the payment of an outstanding debt balance by resort to other collateral, the truth of the matter is that the commercial real estate is often the only significant collateral offered. Protecting the borrower against costly clean-up is certainly an added value, but the purpose of more intense environmental inquiry on the part of the Lender, SBA is to understand the value of the CRE as collateral.

Now, Congress, through the passage of the Small Business Liability Relief and Revitalization Act of 2002, has directed EPA to actually write the standards for AAI and directed EPA to include the ten criteria shown below:

- The results of an inquiry by an environmental professional;
- Interviews with past and present owners, operators, and occupants of the facility for the purpose of gathering information regarding the potential for contamination at the facility;
- Reviews of historical sources, such as chain of title documents, aerial photographs, building department records, and land-use records, to determine previous uses and occupancies of the real property since the property was first developed;
- Searches for recorded environmental clean-up liens against the facility that are filed under federal, state, or local law;
- Reviews of federal, state, and local government records, waste disposal records, underground storage tank records, and hazardous waste handling, generation, treatment, disposal, and spill records concerning contamination at or near the facility;
- Visual inspections of the facility and adjoining properties;
- Specialized knowledge or experience on the part of the defendant;
- The relationship of the purchase price to the value of the property if the property was not contaminated;
- Commonly known or reasonably ascertainable information about the property; and

The degree of obviousness of the presence or likely presence of contamination at the property and the ability to detect the contamination by appropriate investigation.

If the prospective property owner conducts AAI in accordance with the new regulation, then the buyer is protected under the original innocent landowner’s defense and/or two new defenses to clean-up liability. The two new defenses are referred to as the “bona fide prospective purchaser defense” and the “contiguous property owner defense”. But of greater importance to the Lending community is that having an express, consistent, standard increases our understanding of the value of CRE as collateral.

The new rule also provides direction about the length of time we can consider the report information viable. Under the new regulation, an AAI inquiry is only valid up to one year prior to the purchase date of the subject property. After one year complete new assessment must be done. This differs from the Phase I report in that under the standard, the report can be updated after one year and remain viable.

The new regulation will require time to see how it is interpreted and applied, but one fact remains clear: environmental inquiry is an extremely important component of all commercial real estate transactions. To avoid or side-step this requirement is perilous indeed.

**--Linda Ritter, District Counsel
Kentucky and No. Florida District Offices
US Small Business Administration**

SBA Success Story

Orlando Firm ‘Builds Something to Help People’

Orlando- Yasmin Tirado-Chiodini, Esq. has brought a unique business to Orlando and continues to build on its success. Yamin moved to Orlando from Washington DC in 2001. She purposely chose the Orlando area to launch her small business product and services, because of the emerging high tech corridor, along Interstate Route 4 between Daytona Beach and Tampa. Orlando seemed the perfect fit to launch Intelliorg, and as it looks to today, Yasmin made an excellent choice.

Yasmin’s specialty is technology and security solutions. She has worked as a biomedical engineer, a flight engineer at Kennedy Space Center, an Executive consultant at Lockheed Martin and at a think tank in Washington DC where she worked with entities such as the Department of Defense and the Department of Homeland Security. She also has a law degree and is licensed to practice law in Florida. From Yasmin’s experiences, she realized that what she truly enjoys doing is converting data into “actionable intelligence”, and this is exactly what she does today. Intelliorg specializes in information pattern recognition, information security, risk analysis/crisis management, modeling and simulation and related services. The markets for Intelliorg’s services are homeland security, defense, law enforcement, health, law and finance.

Intelliorg’s landmark product is the Daedalus Alert™ Software System. This technology is currently being used by first responders and security personnel to conduct threat and vulnerability assessments of communities and facilities to prevent, mitigate and respond to terrorist and other threats. The current version of the Daedalus Alert™ technology automates multiple risk assessment methodologies, and its goal is to make these methodologies interoperable and accessible to authorized users anywhere any time. The technology focuses on the automation of the data collection, information research and analysis processes to enhance the conversion of data into intelligence. Intelliorg’s products are designed for information intensive environments.

Intelliorg is designed to fit the needs of any company or organization that is involved with the internet or data collection. The company is able to provide information management, security or even web design and maintenance. Intelliorg offers a diverse yet consistent array of services.

In 2004, Yasmin faced her largest challenge as a business owner. The hurricanes that hit Florida hurt business like she had never imagined. Many of her clients weren’t available to utilize her products and services, because they were out assisting with hurricane relief efforts. Yasmin sought assistance from the Disney/SBA National Entrepreneur Center (NEC) to find out what her financial options were. She worked very closely with the Hispanic Business Initiative Fund, a service provider at the NEC, to create a business plan in order to apply for a Disaster Loan from the U.S. Small Business Administration. She was approved for the loan and was able to keep her business afloat until the business climate returned to normal. For more information on SBA Disaster Loan Programs, please visit www.sba.gov/disaster.

Today, Yasmin sits on the Entrepreneur Advisory Board for the Disney/SBA National Entrepreneur Center. The NEC is a community partnership dedicated to the support and success of entrepreneurs. Founding partners of the NEC are the US Small Business Administration, Walt Disney Corporation, Orange County Government, and the University of Central Florida. The NEC brings together a network of service providers and other resources to offer entrepreneurs a one-stop shop for small business services including counseling, training, financial assistance, and a business resource center. For a listing of the service providers and for further information about the NEC, please visit www.floridanec.org.

In 2003, Yasmin moved Intelliorg into the University of Central Florida’s Technology Incubator, another NEC service provider, located in a renovated hotel in downtown Orlando. The Technology Incubator offers inexpensive office space to small businesses with office support and small business technical support. For more information on UCF’s Technology Incubator, please visit www.incubator.ucf.edu.

The Technology incubator is located in a HUBZone, which is advantageous for Intelliorg looking to increase business with the federal government. The HUBZone Empowerment Contracting Program is designed to stimulate economic development and create jobs in urban and rural communities by providing federal contracting preferences to small businesses. These preferences go to small businesses that obtain HUBZone certification by being located in a HUBZone designated area or employing staff who live in such an area. For more information on Hub Zones, please visit www.sba.gov/businessop/programs/hubzone.html.

Intelliorg also is certified by the U.S. Small Business Administration (SBA) as an 8(a) certified firm in the 8(a) Business Development Program. The purpose of the 8(a) BD program is to assist eligible small disadvantaged businesses compete in the American economy and access the federal procurement market. You may learn more about the 8(a) Business Development Program by visiting www.sba.gov/8abd/.

Yasmin Tirado-Chiodini has tapped into many of SBA’s programs and services. With her own working knowledge of her small business and the assistance of the Disney/SBA NEC, the SBA Disaster Loan Program, the SBA’s 8(a) Business Development Program, and the HUBZone Program, Yasmin has truly “built something to help people.” Intelliorg assists many government and private contractors today to make sense of the abundance of information that they collect and to make something useful of it.

Yasmin Tirado-Chiodini Esq. and Intelliorg may be contacted by visiting www.intelliorg.net or (407) 277-7400, 37 North Orange Avenue; Suite 810, Orlando, FL 32801.

North Florida Loan Reports

Top Ten 7(a) Lenders by Number of Loans Made for FY 2005 As of September 30 , 2005

Lender Name	Number of Loans	Dollar Amount
BANK OF AMERICA, NATIONAL ASSOCIATION	432	\$ 13,680,700.00
CAPITAL ONE, FEDERAL SAVINGS BANK	143	\$ 6,825,000.00
BANCO POPULAR NORTH AMERICA	118	\$ 29,499,200.00
INNOVATIVE BANK	71	\$ 460,000.00
WACHOVIA BANK, NATIONAL ASSOCIATION	49	\$ 20,091,200.00
BUSINESS LOAN CENTER, LLC	48	\$ 11,548,000.00
CIT SMALL BUSINESS LENDING CORPORATION	46	\$ 24,677,400.00
BANKFIRST	45	\$ 11,937,600.00
SUNTRUST BANK	39	\$ 1,842,700.00
FIRST COAST COMMUNITY BANK	36	\$ 13,944,200.00

504 Lenders by Number of Loans Made for FY 2005 As of September 30, 2005

Lender	Number of Loans	Dollars
FLORIDA FIRST CAPITAL FINANCE CORPORATION, INC.	120	\$ 48,040,000.00
FLORIDA BUSINESS DEVELOPMENT CORPORATION	80	\$ 29,901,000.00
JACKSONVILLE ECONOMIC DEVELOPMENT COMPANY, INC.	22	\$ 17,659,000.00
BUSINESS DEVELOPMENT CORPORATION OF NORTHEAST FLORIDA, INC.	15	\$ 13,627,000.00
GULFCOAST BUSINESS FINANCE, INC.	9	\$ 6,705,000.00
SOUTHWEST FLORIDA REGIONAL DEVELOPMENT CORPORATION	8	\$ 4,780,000.00
SOUTHERN DEVELOPMENT COUNCIL	2	\$ 1,538,000.00
TOTAL:	256	\$122,250,000.00

North Florida District Office
Loan Activity by County for FY 2005
As of September 30, 2005

County	Number of Loans	Dollar Amount
ALACHUA	55	\$ 10,108,400.00
BAKER	2	\$ 310,000.00
BAY	27	\$ 3,525,500.00
CALHOUN	1	\$ 15,000.00
CITRUS	19	\$ 2,784,000.00
CLAY	42	\$ 4,904,200.00
COLUMBIA	4	\$ 150,000.00
DUVAL	292	\$ 68,029,900.00
ESCAMBIA	35	\$ 10,742,709.00
FLAGLER	23	\$ 2,910,000.00
FRANKLIN	2	\$ 348,000.00
GADSDEN	2	\$ 1,342,000.00
GILCHRIST	2	\$ 803,400.00
GULF	1	\$ 319,000.00
HENDRY	1	\$ 1,365,000.00
HERNANDO	23	\$ 5,798,600.00
JACKSON	4	\$ 307,000.00
JEFFERSON	1	\$ 204,000.00
LAKE	58	\$ 19,733,500.00
LEON	26	\$ 7,669,400.00
LEVY	5	\$ 1,082,100.00
MADISON	4	\$ 2,060,000.00
MARION	47	\$ 10,196,000.00
MIAMI/DADE	1	\$ 50,000.00
NASSAU	40	\$ 12,705,312.00
OKALOOSA	38	\$ 7,527,050.00
ORANGE	410	\$ 95,571,248.00
PUTNAM	8	\$ 3,086,100.00
SANTA ROSA	27	\$ 10,306,100.00
SEMINOLE	190	\$ 41,398,800.00
ST. JOHNS	75	\$ 21,834,600.00
SUMTER	10	\$ 678,200.00
SUWANNEE	1	\$ 354,000.00
TAYLOR	1	\$ 318,000.00
UNION	1	\$ 600,000.00
VOLUSIA	115	\$ 26,583,700.00
WAKULLA	2	\$ 1,171,000.00
WALTON	10	\$ 2,282,000.00

Total: 1605 \$ 379,173,819.00